

The State
Of The State's
Labor Markets

A LABOR DAY BRIEFING FOR CALIFORNIA

September 2002

State of California
Employment Development Department
Labor Market Information Division

This Briefing was prepared to report on California's labor markets as the nation commemorates Labor Day, September 2. This report presents significant labor market trends and topical statistics relating to the California economy.

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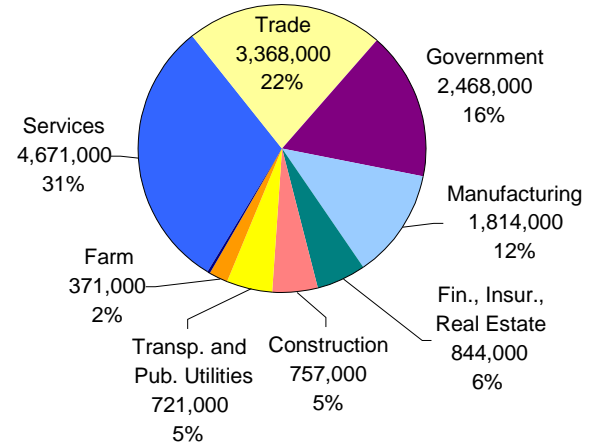
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A FEW BASIC FACTS

- There are nearly 16.5 million working Californians. Nine percent of working Californians are self-employed. Four out of five Californians work full-time and 4 percent hold more than one job.
- Two-thirds of California's population 16 years and older either have a job or are actively looking for work. The remainder of the working-age population is not in the labor force, a category that includes homemakers, students, and retirees.
- One-third of California jobs are in the services sector and more than one-fifth are in retail and wholesale trade. The next largest employers are government – with nearly half of all government jobs in education – and manufacturing. The farm sector accounts for 2 percent of all jobs.
- As of July 2002, there are 1.1 million unemployed Californians. More than half are unemployed due to the loss of a job and one-quarter are re-entering the labor force after a period of absence.

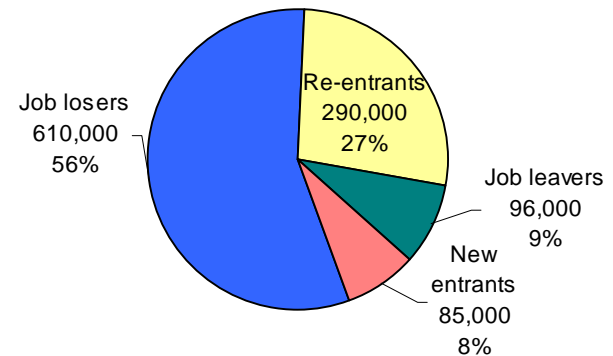
Jobs by Industry Sector

Number of Jobs, July 2002, Seasonally Adjusted



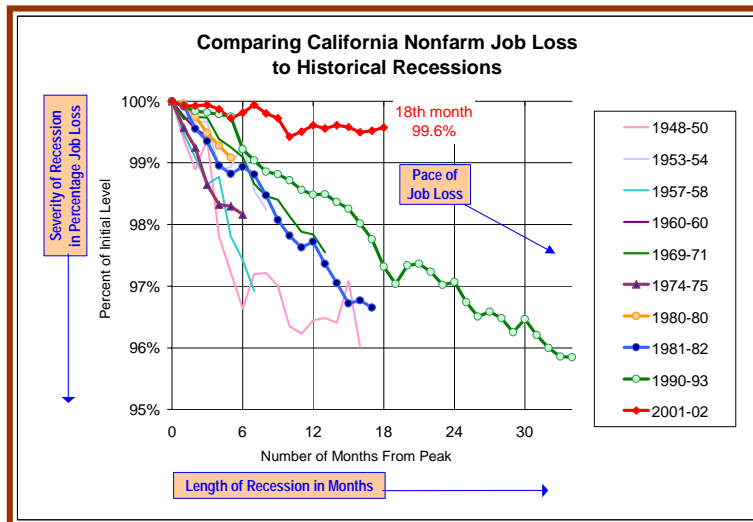
Reasons for Unemployment

Number of Persons, July 2002, 12-month Average



GROWTH EXPECTED IN STATE'S ECONOMY

- It appears the current economic recession is behind us and employment growth in California will increase.
- The recession has cost California 63,000 nonfarm jobs from its peak level in January 2001 to the most recent reading in July 2002. This loss is smaller than in previous recessions, and much less than the 1990-93 recession in which 521,000 jobs were lost.

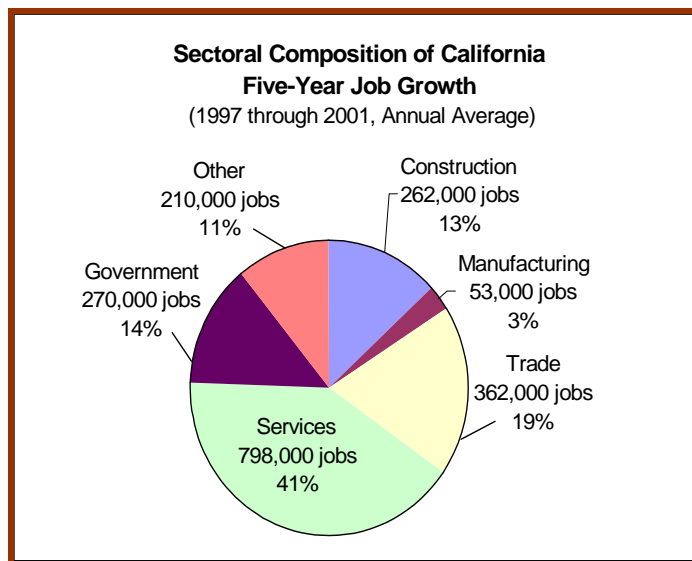


- California's job market continues to be stronger than the nation as a whole. California's nonfarm job count is down just 0.2 percentage point from one year ago, but down 1 percentage point nationwide.

- The recession has been more costly in terms of unemployment. From January 2001 to July 2002, the number of unemployed Californians rose 292,000.
- The California unemployment rate stands at 6.3 percent (July 2002), up from the 30-year low of 4.7 percent in February 2001. The U.S. rate is 5.9 percent, up from its 30-year low of 3.9 percent in October 2000.
- The tragic events of September 11 were a blow to an economy already in recession. Although California lost 54,000 jobs in the two months after the attacks, job losses were heavier nationally, suggesting the initial effects of the attacks fell more heavily on other states. Air transportation and segments of the State's tourism industry were most affected by the attacks.
- California has added over 10,000 nonfarm jobs thus far in 2002. This is an improvement over last year, but only a small gain in an economy with nearly 14.7 million nonfarm jobs. Job growth is averaging 1,500 jobs a month in 2002, compared to average losses of 2,200 jobs a month in 2001.
- Forecasters believe a shallow recovery began in early 2002, which will gather in strength in the latter months of 2002. Economists expect that nonfarm job growth will exceed 2 percent in 2003.

INDUSTRY HEADLINES

- From 1997 through 2001, nonfarm payroll employment in California rose by nearly 2 million jobs.
- The services sector accounted for 41 percent of these jobs, while trade, construction, and government contributed nearly 50 percent.

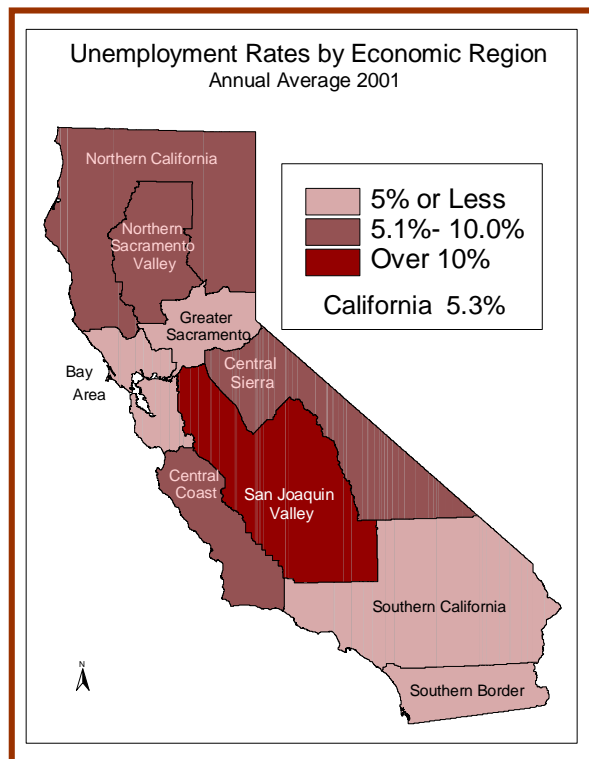


- Job growth has slowed in most major sectors as a result of the economic downturn. Only two sectors registered year-over job gains in July.

- Government has been the brightest spot in the economy, adding 75,000 jobs over the last year. Local government accounts for the lion's share of this growth, due in large part to a boost in education payrolls resulting from changes in class size standards and growing enrollments.
- Trade has added 33,000 jobs over the last year as both wholesale and retail payrolls have increased.
- Job losses have been concentrated in high-technology industries in the manufacturing and services sectors, and, to a lesser extent, tourism and travel industries. These are the segments of the economy hardest hit by the national and global economic slowdown.
- Although losses continue in manufacturing, there are signs of improvement. Year-to-date, manufacturing has averaged losses of just over 4,000 jobs per month. In 2001, its losses averaged over 10,000 jobs per month.
- Business services, which has a high technology orientation and was a key engine of job growth in the recent expansion, also shows signs of improvement. Average monthly job losses thus far in 2002 are less than half their 2001 pace.

PERSISTENT DIFFERENCES AMONG REGIONAL ECONOMIES

- Regional unemployment rates in California vary widely, ranging from a low of 3.9 percent in the Southern Border to a high of 11.9 percent in the San Joaquin Valley in 2001. The 2001 annual statewide unemployment rate was 5.3 percent.
- Unemployment rates tend to be lower in the large urban areas along the coast due to their greater diversity of

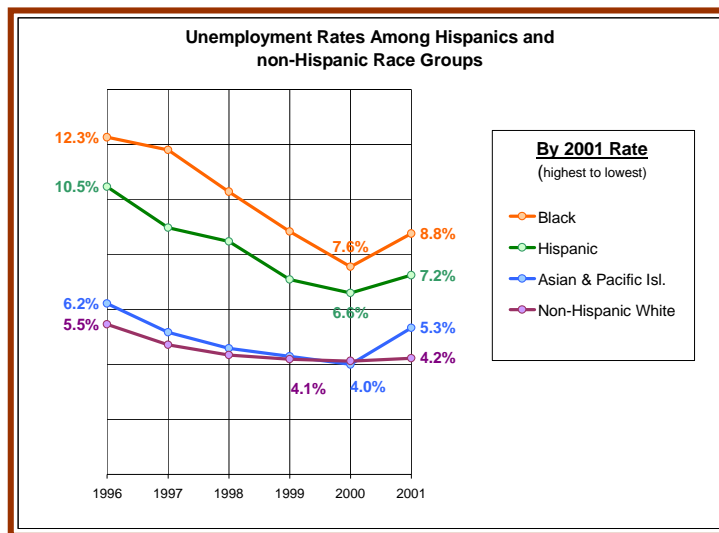


industries and active and expanding labor markets. Higher rates tend to persist in rural and agricultural regions where hiring patterns are often highly seasonal.

- The economic slowdown has hit the Bay Area economy particularly hard due to its heavy concentration of high technology industries. The region's unemployment rate was 6.1 percent in July. The regional rate was 2.1 percent as recently as December 2000.
- All nine California regions had uninterrupted job growth from 1997 through 2001, but the pace of growth has slowed across regions during the economic slowdown.
- Five of California's nine regional economies registered year-over job growth in July, led by the Southern Border (up 22,000 jobs) and San Joaquin Valley (up 13,000 jobs). Southern California, the largest regional economy with nearly 6.8 million jobs, posted a year-over gain of just 8,000 jobs. The Northern Sacramento Valley and Central Sierra regions also posted small year-over job gains.
- Bay Area payrolls were down 75,000 jobs from one year ago, far and away the largest loss among regions. Payrolls in the Greater Sacramento region were down 2,000 jobs from July of last year. The Central Coast and Northern California regions posted small year-over job losses.

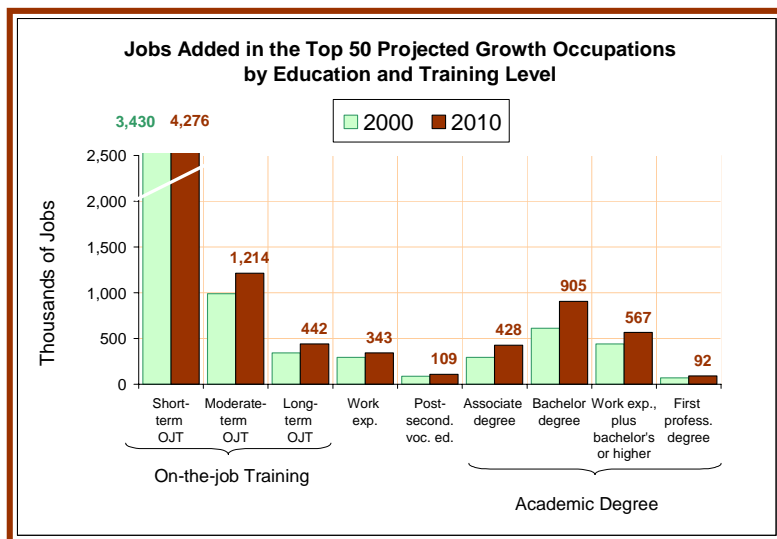
EMPLOYMENT/UNEMPLOYMENT BY DEMOGRAPHIC GROUP

- There was a continuous drop in unemployment rates across ethnic and racial groups in California during the recent economic expansion. The greatest improvements were for groups with the highest rates. The unemployment rate for blacks fell nearly 5 percentage points to 7.6 percent from 1996 through 2000, while the rate for Hispanics fell nearly 4 percentage points to 6.6 percent.
- In 2001, unemployment rates increased across racial and ethnic groups due to the economic slowdown. Asians and blacks experienced larger rate increases than Hispanics and non-Hispanic whites.
- In California, Asian and Pacific Islanders represent 12 percent of the working-aged population. Although data are not published at the national level, a special analysis indicates that the unemployment rate among California Asians was 5.3 percent in 2001. This was the second lowest unemployment rate among race/ethnicity groups, trailing only the rate for non-Hispanic whites.
- The unemployment rate for blacks has been on an increasing trend over the past year. The July 2002 black rate was 10.7 percent, an increase of 3 percentage points from July 2001. In contrast, the white rate has risen by 1.1 percentage points over the same period, while the Hispanic rate has risen by just 0.8 percentage point. (Monthly unemployment rates for Asians are not available.)



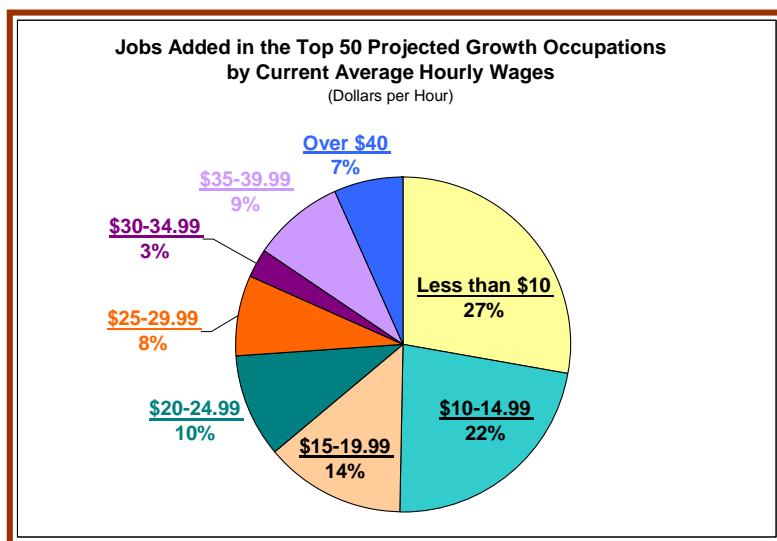
HEALTH, COMPUTER AND EDUCATION JOBS WILL GROW THROUGH 2010

- About 3.2 million new jobs will be created by 2010. The 50 occupations adding the largest number of jobs will account for over half of all job growth. Nearly half of all the jobs in the top 50 occupations will require less than one month of on-the-job training (OJT), while nearly one-quarter will require at least a bachelor degree.



- An additional 3.9 million job openings will be created when workers permanently leave their occupations due to retirement and other reasons.
- The five occupations adding the greatest number of jobs between 2000 and 2010 will be Retail Salespersons (99,000 jobs), Combined Food Preparation and Service Workers (90,000 jobs), Computer Software Engineers (80,000 jobs), Cashiers (76,000 jobs), and Computer Support Specialists (75,000 jobs).
- The demand for new workers in education will continue. Teaching Assistants will add 53,000 new jobs, Elementary School Teachers will add 50,000 jobs, and Secondary School Teachers will add 33,000 jobs.
- The six occupations with the highest rate of growth will all be computer-related. Five of these six occupations will nearly double in size over the next ten years. The fastest growing occupation, Computer Software Engineers, will add 80,000 jobs, an 11 percent average annual growth rate.
- The 25 fastest growing occupations will include seven health-related occupations. They are Personal and Home Care Aides, Medical Assistants, Dental Assistants, Medical Record Technicians, Physician Assistants, Dental Hygienists, and Home Health Aides. Employment in each of these occupations will grow at an average annual rate of nearly 5 percent.

- Nearly 40 percent of the new jobs in the 50 largest growing occupations will pay more than \$20 per hour. A substantial number of these new jobs will pay even higher wages. Nineteen percent will pay more the \$30 per hour, while 7 percent will pay over \$40 per hour.



For more information about Employment Development Department's programs and services or to access an electronic copy of this report, go the EDD Web site at <http://www.calmis.ca.gov/>.

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